

## Message Text

CONFIDENTIAL

PAGE 01 BUCAR 03264 271142Z

42

ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

INR-11 LAB-06 NSAE-00 SIL-01 AGR-20 DODE-00 PA-04

USIA-15 PRS-01 DRC-01 CU-05 HEW-08 ABF-01 /175 W

----- 015233

R 271050Z JUL 74

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 9494

INFO AMEMBASSY BELGRADE

USMISSION BERLIN

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

AMCONGEN MUNICH

USDOC WASHDC

AMEMBASSY VIENNA

C O N F I D E N T I A L BUCHAREST 3264

USDOC FOR BEWT

VIENNA FOR EWTC

EO 11652: GDS

TAGS: ECON, RO

SUBJECT: ROMANIAN WAGE INCREASES

1. SUMMARY. ROMANIAN PRESS HAS DEVOTED EXTENSIVE SPACE IN LAST FEW DAYS TO ANNOUNCEMENT OF WAGE INCREASES FOR CERTAIN EMPLOYEES IN INDUSTRY, AGRICULTURE, DEFENSE AND MINISTRY OF INTERIOR. ALSO ANNOUNCED WERE LARGER LIVING ALLOWANCES FOR UNIVERSITY STUDENTS. INCREASES GO INTO EFFECT AUGUST 1 FOR WORKERS IN LIGHT INDUSTRY, MACHINE BUILDING, METAL FINISHING, BUILDING CONSTRUCTION AND LIVE-  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BUCAR 03264 271142Z

STOCK PRODUCTION. OTHER WORKERS WILL BE INCLUDED IN STAGES THROUGH

REMAINDER OF 1974, WITH FURTHER INCREASES PROMISED FOR 1975. END SUMMARY.

2. PAY BOOSTS ARE PART OF PACKAGE INCLUDED IN ORIGINAL 1971-75 FIVE YEAR PLAN, BUT TIMING HAS BEEN SPEEDED UP SOMEWHAT, EVEN COMPARED TO REVISED PLANS ANNOUNCED LAST YEAR. ORIGINAL FIVE YEAR PLAN FORESAW AVERAGE MONTHLY WAGE OF 1805 LEI AND MINIMUM WAGE OF 1100 LEI IN 1975. PRESENT BOOSTS WILL SOMEWHAT EXCEED THESE GOALS BY THE END OF 1974.

3. IN LINE WITH STANDING POLICY OF MINIMIZING SALARY DIFFERENCES BETWEEN LOWEST-PAID AND HIGHEST-PAID WORKERS, INCREASES ARE GREATEST FOR THOSE CURRENTLY EARNING LOWEST WAGES. WORKERS WHO NOW EARN JUST OVER 1000 LET PER MONTH, FOR EXAMPLE, WILL RECEIVE AN INCREASE OF ABOUT 30 PERCENT, WHILE THOSE NOW EARNING 1800 WILL GET ONLY 6 PERCENT MORE. THERE ARE SOME MINOR VARIATIONS, WITH OCCUPATIONS CONSIDERED MORE USEFUL TO THE ECONOMY (ENGINEERS, PHYSICISTS, CHEMISTS, ECONOMISTS) GETTING SLIGHTLY LARGER INCREASES, BUT THE DIFFERENCE SELDOM AMOUNTS TO MORE THAN A FEW PERCENTAGE POINTS.

4. IN AGRICULTURE, THE NEW PAY PACKAGE RAISES THE "GUARANTEED" MINIMUM INCOME OF FIELD HANDS AND LABORERS ON COOPERATIVE FARMS FROM 25 TO 35 LEI PER DAY, AND IRRIGATION WORKERS WILL GET A MINIMUM OF 1300 LEI PER MONTH. FOR OTHERS, THE FORMULA IS SOMEWHAT MORE COMPLICATED. FOR EXAMPLE, THE MINIMUM INCOME OF COOPERATIVE WORKERS HANDLING MILK COWS IS RAISED FROM 1200 TO 1300 LEI PER MONTH. LIKEWISE, THE PRICE PAID FOR MILK PRODUCED ABOVE THE NORM OF 2000 LITERS PER COW (I.E., INCENTIVE PAY) HAS BEEN INCREASED BY ABOUT 12 PERCENT. HOWEVER, EACH WORKER IS NOW REQUIRED TO CARE FOR AT LEAST 17 COWS, AS OPPOSED TO 15 LAST YEAR. IN THIS AND MOST OTHER CASES AS WELL, ACTUAL RECEIPT OF THE SO-CALLED "GUARANTEED" MINIMUM (PAYABLE IN EITHER CASH OR IN KIND) IS CONDITIONAL ON MEETING PRODUCTION GOALS, WHICH IN SOME CASES HAVE BEEN RAISED. IF GOALS ARE NOT MET, WORKERS CAN GET AS LITTLE AS 80 PERCENT OF THE "GUARANTEED" AMOUNT.

5. COMMENT: ADVANCED TIMING OF PAY INCREASES CAN BE RELATED TO A NUMBER OF FACTORS. FIRST, INDUSTRIAL GROWTH AND REVENUES HAVE BEEN INCREASED BEYOND GOALS SET IN ORIGINAL FIVE YEAR PLAN, THEREBY

CONFIDENTIAL

PAGE 03 BUCAR 03264 271142Z

MAKING MORE FUNDS AVAILABLE FOR SALARIES. (IT SHOULD ALSO BE NOTED THAT CALCULATION OF AVERAGE WAGE INCLUDES BONUSES PAID FOR EXCEEDING PRODUCTION GOALS.) ALSO, THE WAGE BOOSTS PROBABLY REFLECT AWARENESS OF WIDESPREAD GRUMBLING ABOUT TOO MUCH BEING SPENT ON INDUSTRIAL GROWTH, TOO LITTLE GOING TO WORKERS IN FORM OF CONSUMER GOODS AND WAGES, WHICH GOVERNMENT MAY FEAR HAS BEEN FACTOR IN RECENT HIGHER RATE OF INDUSTRIAL ACCIDENTS. IT DOES NOT SEEM LIKELY THAT WAGE INCREASES JUST ANNOUNCED WILL BRING THIS GRUMBLING TO A HALT,

ALTHOUGH THEY WILL BE WELCOMED, PARTICULARLY BY THOSE NOW EARNING LEAST, AND WILL HELP DRESS UP 30TH ANNIVERSARY CELEBRATIONS. BUT NEW SALARY STRUCTURE DIMINISHES FINANCIAL INCENTIVES BY SQUEEZING ALL SALARIES TOWARD THE MIDDLE, AND COST OF LIVING INCREASES, ALTHOUGH DIFFICULT TO MEASURE, HAVE ALREADY UNDERCUT THE SALARY BOOSTS TO SOME EXTENT. PRICES OF FOOD, ESPECIALLY FOR BETTER-QUALITY ITEMS SOLD FROM PRIVATE PRODUCTION, HAVE BEEN INCREASING STEADILY. CLOTHING IS ALSO MORE EXPENSIVE, ALTHOUGH INCREASES IN THIS AREA OFTEN DO NOT SHOW UP IN ROMANIAN STATISTICS BECAUSE NEW ITEMS, WITH HIGHER PRICES, ARE CLASSIFIED AS BEING OF HIGHER QUALITY AND ARE NOT CALCULATED AS INCREASES; SAME IS TRUE OF OTHER CONSUMER GOODS. A RECENT DECREE ALSO RAISED PRICES OF HOUSING AVAILABLE FOR PRIVATE PURCHASE, AND THERE HAVE BEEN RUMORS, CONFIRMED BY A MEMBER OF THE STATE PRICE COMMITTEE, THAT SOME RENTS WILL BE RAISED SIGNIFICANTLY ON AUGUST 1. THE NET EFFECT IS THAT THE CONDITIONS OF LIFE WILL REMAIN RATHER SPARTAN FOR MOST ROMANIANS, WITH THE EXCEPTION OF THOSE WHOSE POLITICAL POSITION BRINGS WITH IT PERQUISITES SUCH AS MORE COMFORTABLE HOUSING OR ACCESS TO BETTER-QUALITY GOODS, OR THOSE FEW WILLING TO RISK UNAUTHORIZED MEANS TO SUPPLEMENT THEIR BASIC INCOME.

BARNES

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, WAGES, COST OF LIVING, FIVE YEAR PLAN  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BUCHAR03264  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740204-0921  
**From:** BUCHAREST  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740712/aaaaajzt.tel  
**Line Count:** 136  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 MAR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25 MAR 2002 by collinp0>; APPROVED <14 MAY 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ROMANIAN WAGE INCREASES  
**TAGS:** ECON, RO  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005